

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
BEAUMONT DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	NO. 1:11-CR-142 (2)
	§	Judge Thad Heartfield
JUAN CARLOS HINOJOSA	§	
a/k/a "Shorty"	§	UNDER SEAL

**GOVERNMENT’S EX PARTE REPORT TO THE COURT**

Comes now the below signed Assistant United States Attorney and makes this ex parte report to the Court regarding certain misconduct by defendant, Juan Carlos Hinojosa, and as good cause says:

**I.**

**Procedural history.**

Juan Carlos Hinojosa (Hinojosa) was indicted, in the instant matter, by the Grand Jury in the Eastern District of Texas (Beaumont Division) on December 14, 2012. The indictment set out an allegation of conspiracy to possess with intent to distribute cocaine HCL in an amount of five kilograms or more and an allegation of conspiracy to launder monetary instruments. Hinojosa was arrested in the Southern District of Texas in March 2012 and made his initial appearance in Beaumont on April 3, 2012. Hinojosa early on elected to plead guilty on June 16, 2012, and was allowed to remain at liberty on conditions of supervised release. The defendant offered to provide substantial assistance

and entered into a cooperation agreement with the government to that end. That agreement precluded Hinojosa from engaging in any activity related to substantial assistance without the consent of and supervision by DEA SA Jeff Hartsock. Hinojosa's sentencing is currently pending.

Trial of certain of Hinojosa's co-defendants is set, before this Honorable Court for March 11, 2013. Hinojosa is scheduled to testify against those co-defendants. Therefore, the misconduct detailed herein may constitute information that the United States is required to disclose to counsel for those co-defendants.

## **II.**

### **Intervening misconduct by Hinojosa**

The below signed AUSA is currently engaged in the supervision of another Houston-based cocaine conspiracy being conducted by the Drug Enforcement Administration (DEA). That investigation focuses on a hispanic male named Cesar Barrera (Barrera).

On December 4, 2012, Federal District Judge Nancy Atlas (Southern District of Texas) authorized the wire tap interception of Barrera's telephone by investigating agents. That period of interception terminated January 4, 2013. During the last two weeks of that interception agents began to intercept pertinent telephone calls between Barrera and an individual identified initially only as "Carlos" (last name unknown). Based on training and experience, agents believed those calls involved the establishment of a methamphetamine conspiracy between Barrera and an as yet unknown source of supply through the brokerage efforts of "Carlos."

Further investigation by investigating agents confirmed that the individual known as “Carlos” was, in fact, Hinojosa. Surveillance photos of Hinojosa meeting with Barrera and the suspected source of methamphetamine in the Southern District of Texas establish, without doubt, that “Carlos” and Hinojosa are the same person.

After this identification was confirmed, Hinojosa’s supervising DEA SA Jeff Hartsock scheduled an interview with Hinojosa. The purpose of that meeting was to determine if Hinojosa’s interactions with Barrera were a misguided, but well-intentioned, attempt to provide substantial assistance or, in fact, more criminality on Hinojosa’s part. SA Hartsock and agents from the Barrera investigation interviewed Hinojosa regarding any recent interactions he might have had with Barrera (who had been the subject of earlier debriefings). Hinojosa admitted to one non-drug related meeting with Barrera. Hinojosa denied any phone calls with Barrera or any drug related meetings or conversations/interactions.

Investigating agents, consequently, concluded that Hinojosa’s meetings and recorded drug-related conversations with Barrera constituted criminal misconduct and activities outside the limitations of his cooperation agreement with the government.

No methamphetamine was seized prior to the termination of the wire tap. No actions in furtherance of the scheme by Carlos Barrera or others were documented to have taken place outside of the Southern District of Texas .

### **III.**

#### **Status of the Barrera investigation.**

The below signed AUSA is preparing the indictment of Barrera and others for the cocaine HCL conspiracy at issue in the Barrera investigation. It is anticipated that the Grand Jury will return indictments in that matter in Beaumont within the next 30 days.

Though Hinojosa's activities with Barrera may form the basis of a separate methamphetamine investigation, as mentioned, no criminal acts to that end have taken place in the Eastern District of Texas as of yet. Consequently, no indictment can currently lie in the Eastern District of Texas on the facts in hand.

The below signed AUSA has instructed investigating DEA agents to refer the potential methamphetamine investigation at involving Hinojosa's misconduct to a separate law enforcement group for further investigation.

#### **IV.**

##### **Government's intentions regarding the Hinojosa misconduct.**

The below signed AUSA has directed investigating agents to memorialize all of Hinojosa's misconduct in written form. Those agents have further been instructed to identify and duplicate all pertinent calls made by Hinojosa during the interception of Barrera's phone. Those agents have also been instructed to gather all photos taken of the meetings between Hinojosa and Barrera and any other investigative materials that have been generated and have them at the ready for immediate disclosure.

Because immediate disclosure of those materials to counsel for co-defendants would jeopardize the status of the Barrera investigation, possibly place officers at risk, and potentially result in the flight of some of the scheme's major actors, the below signed AUSA has not disclosed Hinojosa's misconduct to his defense attorney, the United States

Probation Office, or the defense attorneys in the pending Bazan, et. al., trial. Rather, this ex parte report is being made to inform the court and to seek further guidance.

The below signed AUSA plans, absent further instruction from the Court, to have agents conclude the Barrera investigation as soon as possible, and thereafter to expeditiously effect arrests in that matter following indictment. It is anticipated that this can be accomplished by the end of February.

Disclosure of Hinojosa's misconduct (and all related investigative materials) will then be made to Hinojosa's defense counsel, the United States Probation Office, and all defense counsel in the pending Bazan, et. al., trial.

The government stands at the ready to take any further action deemed necessary by the Court.

Respectfully submitted,

JOHN M. BALES  
UNITED STATES ATTORNEY

Dated: \_\_\_\_\_ 1/10/13 \_\_\_\_\_

\_\_\_\_\_/c/John A. Craft \_\_\_\_\_

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